

The Prudential Insurance Company of America
Dec 7, 2017

SERFF #s: PRUD-131133056

Prudential is requesting approval to increase the premium on the ILTC-2 Series (forms GRP 112687 and GRP 112685). The company is requesting different rate increases if the policy has a “cash” rider and if it has a lifetime benefit period rather than a limited benefit period.

- The company is requesting a 7.7% increase on the 3 policies with the cash rider and unlimited benefits.
- The company is requesting a 0.0% increase on the 9 policies with the cash rider and limited benefits.
- The company is requesting a 4.2% increase on the 75 policies without the cash rider and unlimited benefits.
- The company is requesting a 0.0% increase on the 287 policies without the cash rider and limited benefits.

The average requested rate increase is 1.3%. The Department approved the requested increases effective Dec 7, 2017.

Effective date of rate change: Renewals on and after 12/7/2017.

The current policies in place are not generating sufficient premium to pay future claims to policyholders. This is a common problem for a number of insurers nationwide because policyholders are keeping their policies longer than expected and are living longer than projected. As a result, policyholders are using more benefits on average than the company anticipated when the policies were originally sold. This means the company has to pay out more for benefits than it originally projected.

In making this decision, the Department considered the projected loss ratio for each block of policy forms, that is, the projected total amount of benefits paid out versus the total amount of premium collected, the reasonableness of the assumptions the company used in its projections, and the company’s financial situation. The Department also considered the financial impact this rate increase would pose to consumers, the past rate increases policyholders have faced, and the availability of options to limit the rate increase by reducing benefits.

This Rate Filing Decision Summary is a tool to help explain the rate filing and does not describe all the factors considered as part of the Department’s rate review.